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ABSTRACT

The Newspaper Preservation Act of 1970 is frequently viewed as a legislative device for averting the failure of a competing metropolitan daily newspaper and is said to create, for the formerly competing newspapers, a monolithic management unit which enjoys advantages over the two publishing units it replaces. A study examined one of those advantages--control of circulation of the two papers in ways that enhance the appeal to advertisers of the two newspapers in combination --by analyzing the circulation patterns of two newspapers involved in a Joint Operating Agreement (JOA). The case reviewed is the Seattle, Washington, metropolitan newspaper market dominated by a JOA between "The Seattle Times" and "The Seattle Post-Intelligencer" since May 1983. Results showed that (1) distant "fringe" cities have been lopped from the circulation map; (2) cities of intermediate distance from the publishing plant are targets for circulation building by the Seattle newspaper which does not face direct time-cycle competition from a suburban daily; and (3) circulation is being maintained and increased for both newspapers in the nearby cities essential for the broad area coverage offered to advertisers. No matter what the management form, however, newspaper use among adults continues to decline. (Thirteen extensive notes, one map, and three tables of data are included.) (MS)

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THE JOINT OPERATING AGREEMENT:

A MARVELOUS MACHINE WITH DAMNED TIGHT STEERING

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The Joint Operating Agreement:

A Marvelous Machine with Damned Tight Steering

By Tim A. Pilgrim and Roger Simpson

The Newspaper Preservation Act of 1970 is frequently viewed as a legislative device for averting the failure of a competing metropolitan daily newspaper. Hearings under the Act explore the likelihood of failure by the weaker competitor. The goal, it is asserted by all parties, is to keep alive two separate editorial voices.[1]

Once set in motion, the Joint Operating Agreement (JOA) between two formerly competing newspaper publishers usually does preserve two news staffs, independent of each other. But it also creates a monolithic management unit which enjoys three remarkable advantages over the two publishing units it replaces:

(1) The single unit produces and distributes newspapers far more efficiently than did either of the formerly competing publishing companies.[2]

(2) This surviving single unit controls two newspapers and, thus, has considerable flexibility in shaping circulation for advertising purposes.[3]

(3) Advertising rates can be set high enough to assure the profitability of the management unit (and its news "partners").[4]

Little in the literature about the Newspaper Preservation Act either validates these supposed benefits or examines their use in a competitive market.[5] This paper examines the second of the three interlocked advantages available to managers of joint operating agreements--control of circulation of the two papers in ways that enhance the appeal to advertisers of the two newspapers in combination.

The case reviewed here is the Seattle, Washington, metropolitan newspaper market dominated by a JOA between The Seattle Times and The Seattle Post-Intelligencer since May, 1983. The Seattle-Tacoma metropolitan area is the 18th largest in the United States with a 1980 population of 2,207,843.

Audit Bureau of Circulations data for the two metropolitan newspapers and the five suburban dailies in the metropolitan market were analyzed to show the extent and nature of the realignment of the two papers' circulation. The study included data for average paid circulations for the 12-month period ended March 31, in 1983 and and 1984 to examine the immediate results of the JOA, and for 1985 through 1987 to show its longer-term consequences. In some cases, comparisons were not useful because of changes in definitions of circulation areas.

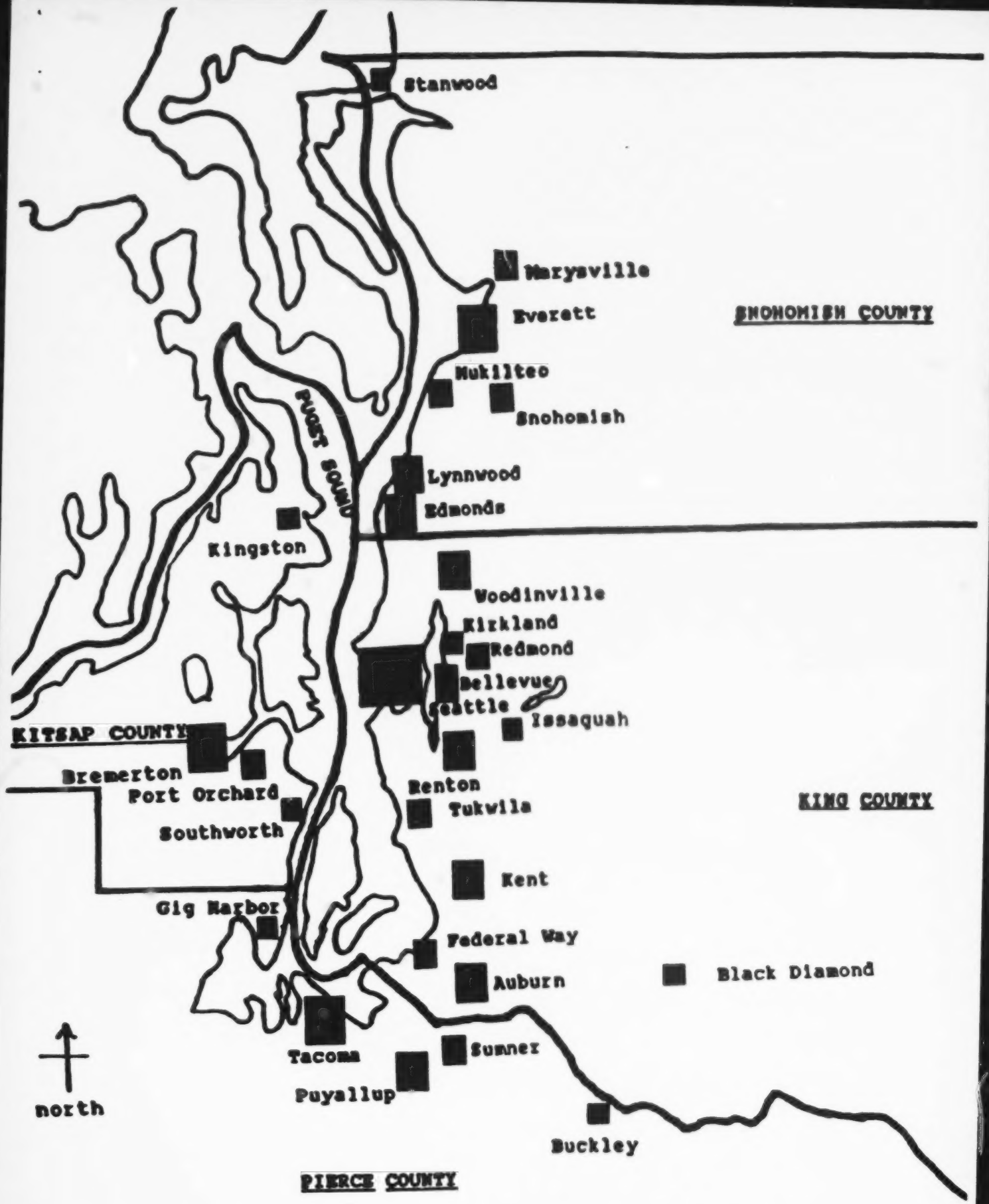
Until 1983, the two daily newspapers competed for the metropolitan circulation market: The Seattle Times, an afternoon newspaper owned jointly by the local Seattle Times Co. and Knight-Ridder, Inc., (daily average paid circulation for the 12 months ended March 31, 1987 was 230,637)[6] and The Seattle Post-Intelligencer (205,326), a morning paper published by the Hearst Corp. In May, 1983, a joint operating agreement approved by the U.S. Attorney General

became effective after a lengthy administrative hearing and appeals at two levels of the federal courts. The Seattle Times Co. became the agency manager for production, advertising and circulation of the two newspapers. (The Times publishes a Sunday edition, which contains a modest amount of Post-Intelligencer content. Its average paid circulation for the 12 months ended March, 1987, was 497,349. Both papers publish Saturday morning editions.)

King County, which includes Seattle, had a population of 1,384,600 in 1987. [See map.] Besides the two metropolitan newspapers, two suburban dailies are published within King County: The morning and Sunday Journal-American (daily, 27,177; Sunday, 27,576), owned since 1986 by the Persis Corp., is published in Bellevue, a city of 82,000 due east of, but separated by Lake Washington from, the city of Seattle. The morning and Sunday Valley Daily News (daily, 29,589; Sunday, 29,961), a Donrey Media Corp. newspaper, is circulated in Kent, Renton, and Auburn, three large suburbs lying southeast of Seattle.

Two counties bracket King County, north and south. On the north is Snohomish County (1987 population of 393,600), whose principal city, Everett (population 60,100), has the afternoon Herald (daily 55,314; Sunday, 58,256), owned by the Washington Post Co.

South of King County is Pierce County (1987 population of 538,000) and its major city, Tacoma (158,900). The News-Tribune (daily, 109,307; Sunday, 121,720), a McClatchy Newspapers Corp. morning and Sunday newspaper, is published in Tacoma. (During most of the period studied, the News-Tribune was an evening paper; it switched to morning distribution in the spring of 1987, apparently in part to combat the strategy being outlined here.)


Stanwood
Marysville
Everett
SNOHOMISH COUNTY
Mukilteo
Snohomish
PUGET SOUND
Lynnwood
Edmonds
Kingston
Woodinville
Kirkland
Redmond
Bellevue
Seattle
Issaquah
KITSAP COUNTY
Bremerton
Port Orchard
Southworth
Renton
Tukwila
KING COUNTY
Kent
Gig Harbor
Federal Way
Auburn
Black Diamond
Tacoma
Sumner
Puyallup
north
Buckley
PIERCE COUNTY

To the west of King County, across Puget Sound, is Kitsap County (1980 population of 168,600). In order to reach its principal city Bremerton (43,800) from Seattle, an hour-long ferry trip or a nearly three-hour circuitous drive is necessary. Scripps-Howard owns The Sun (38,832), an afternoon daily published in Bremerton.

The Circulation Strategies

Critics of JOAs have argued that the managing company may choose to build one of the newspapers at the expense of the other.[7] However, it would seem to be desirable to utilize both newspapers as part of an overall strategy of circulation management. In the Seattle JOA, we identified three patterns in the data which describe, in part, the JOA manager's circulation strategies: (1) equalization of the circulations of the two newspapers so that neither newspaper appears to challenge the combination of the two papers in terms of advertising effectiveness; (2) elimination of costly circulation on the outer fringes of the metropolitan area, and (3) differentiation of the circulations of the two newspapers.

Managers of JOAs, by virtue of their immunity from antitrust laws, can offer an advertising rate for the combination of two newspapers that is less in terms of a cost per 1,000 tkhan the rate for either of the two papers. The combination-rate incentive to advertisers is reinforced by the strategies of equalizing and distinguishing circulation between the two papers, and eliminating costly fringe circulation. National advertisers are especially likely to purchase such a combined package if the total circulation of the two papers offers them the most attractive opportunity to reach the full market area.

Strategy 1: Equalizing Circulation:

That the circulation gap between the two papers has been reduced in the five years of the joint operating agreement is shown by a comparison of total circulation for 1984, a year after the joint operating agreement, and 1987. After a year of JOA management, the difference in weekday circulation between the leading Times and the Post-Intelligencer was 34,000 (226,000 and 192,000). By 1987, the difference had shrunk to 26,000 (231,000 and 205,000). (Put another way: in 1984, the Times share of total combined daily circulation was 54 percent; in 1987, the Times share had shrunk to 52.9 percent.)[8]

Hypotheses about management of circulation conflict with assertions that changes are due largely to other factors. For example, press reports in the Seattle area suggest the following reasons for the closing of the circulation gap: The Post-Intelligencer is enjoying the same heady growth as other morning newspapers around the country; The Post-Intelligencer, revitalized by the profits resulting from the joint operating agreement, is spending more on its news coverage; news policies of the Times are costing it readership.[9] Whatever the merit of these explanations, there has been little consideration of the likelihood that the Times, as manager of the circulation of two newspapers, would realign the circulation patterns of the two papers in order to make advertising purchases in the combined newspapers more attractive.[10]

We reasoned that such a realignment would be manifest in the data showing circulation in the cities within the metropolitan area. It also was apparent that the existence of suburban daily newspapers would affect, and in some cases, facilitate the three circulation strategies.

If editorial factors were the principal influences in circulation gains or losses of the P-I and Times, one would expect the circulation to drop or rise uniformly across different communities, subject only to strategic changes by suburban papers. But in fact, the data show that circulation changes have varied markedly by community since the JOA went into effect.

Strategy 2: Eliminating Costly Fringe Circulation

Expendable Cities

In municipalities far from the Seattle central core, the costs of circulation are high because of the distance trucks must travel to deliver papers and the relative inefficiency of carrier delivery, in sparsely populated areas. It would be reasonable for the manager of a JOA to cease efforts to build circulation in such cities.[11] Such cities might well be called **Expendable Cities**.

Employing a circulation-cutting strategy in Expendable Cities has advantages: It eliminates distribution costs in areas where the readers are fewer in number. It reduces emphasis on readers less crucial for advertisers. It allows better use circulation and advertising resources for sales and growth in areas of greater revenue potential.

One example of an Expendable City is Stanwood (population, 1,635), located in northern Snohomish County. Stanwood is in the northern portion of the Everett Herald's circulation area. It is about 50 miles from Seattle, 35 miles of which lie in a densely populated urban area. In 1983, the P-I circulated 490 copies in Stanwood and the Times circulated 222. By 1987 the circulation of both the P-I and

Times had decreased: the P-I circulated 317 papers (down 173--35 percent); the Times circulated 113 (down 109--about 49 percent).

Another example of an Expendable City is Port Orchard (population 4,820), west of Seattle in Kitsap County. Although Port Orchard is less than 20 air miles from Seattle, newspaper delivery there from the metropolitan area requires either substantial land travel or a combination of land and water travel. In 1983 the P-I circulated 1,206 and the Times, 254. In 1987 the P-I circulated 570 (down 636--nearly 53 percent) and the Times circulated 108 (down 146--about 57 percent).

In northern Pierce County, Buckley also represents an Expendable City. It is situated about 45 miles southeast of Seattle and about 20 miles east of Tacoma. Like the other Expendable cities, its population is low (3,080) and it is difficult to reach, especially during rush-hour traffic. P-I circulation there in 1983 was 330; the Times circulation was 62. In 1987, the P-I circulation decreased to 161 (down 169--about 51 percent), and the Times listed no circulation at all.

Example Expendable Cities

City (& population)	P-I Circ. (& year)	P-I Circ. for 1987	Times Circ. (& year)	Times Circ. for 1987
Black Diamond (1,265)	419 (1983)	70	45 (1983)	66
Buckley (3,080)	330 (1983)	161	62 (1983)	0
*Kingston	309 (1983)	153	140 (1983)	101
Port Orchard (4,820)	603 (1983)	570	254 (1983)	108
*Southworth	390 (1983)	290	20 (1983)	0
Stanwood (1,635)	490 (1983)	317	222 (1983)	113

* -- not incorporated as a city; population figures unavailable

Strategy 3: Differentiating Circulation

Cities of Opportunity

In the Expendable Cities, circulation has been falling for both newspapers. In contrast, in a ring of cities somewhat closer to the Seattle newspapers' presses, one of the two metropolitan dailies is gaining circulation while the other is losing or merely holding its circulation. Typically, the gaining Seattle paper is published at the other end of the time cycle from the most influential suburban daily newspaper. Such communities may be labeled **Cities of Opportunity**. It appears, for example, that much of the morning Post-Intelligencer's gain is from Cities of Opportunity in which the dominant suburban paper is published in the afternoon.

The Everett Herald and the Bremerton Sun are the two suburban dailies published in the afternoon. In both cities, the morning Post-

Intelligencer has posted gains since 1983. In Bremerton, circulation climbed from 1,891 to 2,900; in Everett, circulation rose from 4,386 to 4,838. Although the Times lost readers in both cities, the combined circulation of the Seattle papers posted a net gain.

The Bremerton and Everett examples suggest that the strategy of the JOA manager in Cities of Opportunity is twofold: (1) Strive to gain circulation with one newspaper, but not with both; and (2) Strive for that circulation gain with the paper that does not have direct competition from the closest suburban paper. The Times Co. apparently has pushed morning Post-Intelligencer circulation in Bremerton because there is no other regional morning paper in the city. The Times, which faces direct competition with the evening Bremerton Sun, has not competed strongly in the face of that competition.

Small communities close to Bremerton and Everett show a similar pattern of Post-Intelligencer gains and level or dropping Times circulation. Marysville, a city of 17,110 a few miles north of Everett, provided a Post-Intelligencer gain from 722 daily copies in 1983 to 1,034 in 1987. In Mukilteo (5,560), a few miles west of Everett, the Post-Intelligencer circulation rose from 5 in 1984 to 426 in 1987; Times circulation dropped from 364 to 234. (Again, the net gain for the two papers combined was a healthy 79 percent.)

In the city of Snohomish (5,700), a few miles east of Everett, the pattern is repeated. Post-Intelligencer circulation dropped from 1983 to 1984 but has risen steadily since (517 in 1984; 650 in 1987). Times circulation increased in the first year of the JOA but then dropped (846 in 1984; 360 in 1985), and has been level since.

In cities under the circulation umbrella of the News-Tribune in Tacoma, the Post-Intelligencer also posted sharp gains in the period

under study. Puyallup (19,830), located about 27 miles from the Seattle central core in northern Pierce County, lies in a growing urban area fewer than 10 miles from Tacoma. In 1983 the Post-Intelligencer had a circulation there of 1,244, and the Times, which competed directly with the News-Tribune, then published in the afternoon, had a circulation of 437. By 1987, the Post-Intelligencer had increased its circulation to 2,022 (up 778--about 62 percent). The Times circulation during that period decreased to 223 (down 214--about 49 percent). The net gain for the two papers combined was 564 papers, a 34 percent increase.

The 1987 decision of the News-Tribune's management to publish in the morning provided a preemptive strike against the Post-Intelligencer's growth in Pierce County, however. No circulation figures have been published since the change; nonetheless, it appears that the News-Tribune is determined to stop the Seattle paper's inroads into its territory. And the territory is not a region of opportunity for the Seattle Times. It is simply too far from the newspaper's downtown Seattle presses for efficient afternoon delivery.

However, the suburban area centered between Seattle and Tacoma may well provide cities of opportunity for the Times. As the News-Tribune stalls Post-Intelligencer growth in that area, the Times might be expected to exploit the absence of an effective afternoon competitor.

Example Cities of Opportunity

City (& population)	P-I Circ. (& year)	P-I Circ. for 1987	Times Circ. (& year)	Times Circ. for 1987
Bremerton (32,390)	1,891 (1983)	2,900	1,523 (1983)	666
Everett (60,100)	4,386 (1983)	4,838	2,170 (1983)	1,837
Gig Harbor (2,640)	580 (1983)	730	4 (1983)	1
Marysville ((7,110)	722 (1983)	1,034	423 (1983)	413
Mukilteo (5,560)	5 (1984)	426	364 (1983)	234
Puyallup (19,830)	1,244 (1983)	2,022	437 (1983)	223
Snohomish (5,700)	517 (1984)	650	846 (1984)	390
Sumner (5,510)	375 (1983)	683	605 (1983)	629

Essential Cities

In addition to the Expendable Cities and the Cities of Opportunity, we have identified a third type of city from the circulation data of the Seattle JOA. **The Essential City** is a growing municipality close to the Seattle central core. Essential cities most often are those crucial suburbs where advertisers in metropolitan newspapers can reach -- and expect to reach -- the greatest number of people. It is important for a metropolitan newspaper reaching those areas to compete strongly for subscribers. No namby-pamby approach to circulation is permissible: The Seattle JOA strategy in these cities would be to push hard because competing papers are striving (sometimes to survive) there too.

The circulation data show that both the Times and Post-Intelligencer have substantial readership in those Essential Cities. Differences between the two newspapers are related often, as is the case with the Cities of Opportunity, to competition from a suburban daily newspaper. It is also the case that the metropolitan paper which does best in circulation in each community publishes at the opposite end of the day from the dominant local paper.

One example of an Essential City is Auburn (population 30,260), located in southern King County in a growing urban area about 20 miles south of Seattle. In 1983 and 1987, the P-I and Times faced their primary competition in Auburn from the morning Valley Daily News, a home paper for the city. In 1983, the P-I circulated 3,828. By 1987, its circulation increased to 4,451 (up 623--about 16 percent). In 1983, the Times circulated 4,205 in Auburn. By 1987 it circulated 4,560 (up 355--about 8 percent).

In Kent and Renton, two other cities served by the Valley Daily News, the afternoon Times continues to hold a lead over the Post-Intelligencer, but the newspapers have a combined circulation exceeding that of the suburban daily. In Kent, the combined circulation of the JOA papers in 1987 was 15,499, compared with the Valley Daily News circulation of 10,336. In Renton, the two Seattle newspapers had circulation of 18,845, compared with Valley Daily News circulation of 7,987.

In Bellevue, the largest Seattle suburb with a population of 82,070, the afternoon Times had a 1987 circulation of 17,124, compared with the Post-Intelligencer's 7,374. Both papers have posted only slight gains since 1983; the morning Journal-American, published in Bellevue, dominates the morning field with circulation of 17,241.

The P-I and Times have also pushed hard in Essential Cities between Seattle and Everett. For example, Lynnwood (population 24,260) is 15 miles north of Seattle in southern Snohomish County, an area of intense urban growth. The P-I circulated 329 there in 1983. A year later, the Times circulation was 284. By 1987 the P-I circulation was 3,160 (up 2,831--an 860 percent increase over 1983). The 1987 Times circulation was 5,806 (up 5,522--an increase of 1,944 percent).

Much like Lynnwood, Redmond (population 30,260) is an example of a city that has emerged as an Essential City for the JOA papers. A municipality adjacent to Bellevue, Redmond is located fewer than 10 miles from Seattle. The morning Journal-American competes for circulation there. In 1983 the P-I circulation was 2,019 and the Times was 5,366. The 1987 P-I circulation increased to 2,765 (up 746 from 1983--about 37 percent). The Times circulation also increased to 6,691 (up 1,325--about 25 percent).

The Essential Cities share several characteristics: Each is a populous community, close to Seattle, influenced by a suburban daily newspaper. Despite the competition, the JOA newspapers have generally increased their combined circulation since 1983.

Example Essential Cities

City (& population)	P-I Circ. (& year)	P-I Circ. for 1987	Times Circ. (& year)	Times Circ. for 1987
Auburn (30,260)	3,828 (1983)	4,451	4,205 (1983)	4,560
Bellevue (82,070)	7,146 (1985)	7,374	17,088 (1985)	17,124
Edmonds (28,300)	131 (1983)	1,847	3,600 (1985)	4,113
*Federal Way	3,526 (1985)	4,209	4,470 (1985)	6,304
Issaquah (6,770)	990 (1983)	1,450	3,528 (1983)	3,619
Kirkland (19,430)	2,527 (1985)	2,703	5,776 (1985)	5,824
Kent (30,090)	5,841 (1985)	6,631	8,707 (1985)	8,868
Lynnwood (24,260)	329 (1983)	3,160	284 (1984)	5,806
Redmond (30,260)	2,019 (1983)	2,765	5,366 (1983)	6,691
Renton (35,360)	7,310 (1985)	8,205	9,846 (1985)	10,640
Tukwila (4,760)	1,704 (1985)	2,956	2,290 (1985)	3,174
*Woodinville	291 (1983)	765	1,038 (1983)	2,621

* -- not incorporated as a city

Discussion

We have examined the circulation patterns of the two newspapers managed by the Seattle Times Co. as they evolved from 1983 to 1987. Some of the results are striking: Distant "fringe" cities have been lopped from the circulation map; cities of intermediate distance from

the publishing plant are targets for circulation building by the Seattle newspaper which does not face direct time-cycle competition from a suburban daily, and circulation is being maintained and increased for both newspapers in the nearby cities essential for the broad area coverage offered to advertisers.

The pattern reinforces the assumptions, stated at the outset, about the advantages bestowed on managers of newspaper JOAs. Although the research described here does not encompass advertising rate-setting or production efficiencies, there is no doubt that a well-managed joint operating agreement will reap these benefits in abundance.[12]

In general, our observations were confirmed by the circulation manager of the Seattle JOA agency, John McCall. McCall said there is a conscious effort to cover its circulation costs in outside area and indicated the P-I success in Cities of Opportunity such as Everett was due in part to a lack of competition. He also indicated that a primary JOA goal is to maintain daily household penetration in its main market area (which ABC calls the Newspaper Designated Market) and to "respond in kind" to efforts by competing suburban daily papers to gain circulation there.[13]

There seems to be no dark cloud on the horizon for the partners in the Seattle joint operating agreement. Indeed, the Seattle JOA example may well be indicative of management possibilities for other papers with joint operating agreements. One dark cloud does, however, threaten all newspapers, whatever their management form. We found in our study of the Seattle newspaper market that newspaper use among adults continues to decline.

The general trend of weekday circulation in all of the four counties discussed in this paper has been downward since 1979, based on circulation per 1,000 adults, aged 18 and older. King County is typical of the trend: From 1979 to 1987, circulation of all daily newspapers per 1,000 adults dropped from 362 to 323 on a daily basis, while Sunday circulation fell from 415 copies per 1,000 adults to 365 copies.

The weekday circulations of most of the daily newspapers parallel the general trend of circulation in the counties from 1979 to 1987. Of all the newspapers discussed in this report, only the Post-Intelligencer has increased its total circulation per 1,000 adults in the four-county area (increasing from 248.82 in 1983 to 295.62 in 1987). By contrast, since 1983, the Times circulation per 1,000 adults has fallen in all counties except Snohomish, where it has gained slightly.

The effect of this long-term decline in newspaper usage is to raise the cost and value of each new unit of circulation. The newspapers in the JOA appear conspicuously well armed to scrap for circulation. The newspapers at a clear disadvantage are the suburban daily newspapers claiming the territory closest to that dominated by the metropolitan papers.

This is revealed by circulation data from the primary counties in which the suburban dailies are published. To develop an index of the relative strengths of the newspapers, we compared each paper's circulation in each county with the estimated adult population of that county.

In King County, the Journal-American, which holds only a small share of the readership, has suffered a drop in circulation per 1,000

adults of 1.22, from 27.16 in 1983 to 25.94 in 1987 (down 4.4 percent). In southern King County, the Valley Daily News, which battles both the Tacoma News-Tribune and the JOA papers, suffered a loss of 3.38 newspapers per 1,000 adults (a drop of nearly 11 percent). It fell from 31.32 to 27.94.

The JOA papers suffered slight slippage in King County, falling 9.14, from a 335.96 circulation per 1,000 adults to 326.82 (a decrease of 2.7 percent). In part because of the JOA strategy, P-I circulation ran counter to the trend, increasing its circulation per 1,000 adults by 12.07, from 120.08 in 1983 to 132.15 in 1987.

In Snohomish County, a combined circulation push--at least in the suburbs near Seattle--has hurt the circulation of the Everett Herald. The Herald circulation increased slightly from 1983 to 1987, but its circulation per 1,000 adults fell 14.5 newspapers, from 203.22 in 1983 to 188.72 in 1987 (down 7 percent). The combined circulation per 1,000 of the P-I and Times in that county increased 3.90, from 127.68 to 131.58 (up 3 percent).

In Pierce County, the News-Tribune slipped from 272.18 circulation per 1,000 adults in 1983 to 266.35 in 1987, a drop of 5.83 newspapers (down 2 percent). By contrast, the JOA papers increased their circulation per 1,000 adults by 6.70, increasing from 37.79 circulation per 1,000 adults in 1983 to 44.49 in 1987 (up nearly 18 percent).

In Kitsap County the Bremerton Sun circulation per 1,000 adults dropped 18.88, from 306.49 in 1983 to 287.61 in 1987 (a decrease of 6 percent). The JOA circulation per 1,000 adults in Kitsap County has fallen by 3.56, from 82.21 in 1983 to 78.65 in 1987 (down 4.3 percent).

The revised circulation trends of the P-I and Times have had the greatest impact on three suburban papers--the three that lie closest to the P-I and Times central core: the Journal-American in Bellevue, the Valley Daily News and the Herald in Everett. The JOA papers have also surged some in Pierce County against the News-Tribune, but not with any threatening numbers.

In Kitsap County, because of the wide water boundary between most of Kitsap County and the Seattle metropolitan area and perhaps because of a resulting sense of separateness in the Bremerton area, the local paper appears to be holding its own against the JOA papers.

The Joker in the study turned out to be the scrappy McClatchy-owned News-Tribune in Tacoma. When the new management changed press runs from afternoon to night, it executed a move that may well slow or stop the heady expansion of the Post-Intelligencer. To that point, the Post-Intelligencer had been the newspaper used most aggressively by the JOA management to realign the circulation pattern. The effect of the News-Tribune change is limited, however; the joint operating agreement companies still can expect to consolidate their strength in much of the Seattle newspaper market at the expense of the smaller dailies.

NOTES

[1]The Newspaper Preservation Act, 15 U.S.C., 1801-04, was signed into law in 1970 by President Richard Nixon. Although it proclaims the goal of maintaining "a newspaper press editorially and reportorially independent and competitive in all parts of the United States," it clearly reflects the desire of Congress to nullify the 1969 Supreme Court decision (Citizen Publishing Co. v. U.S. 394 U.S. 131) that joint operating agreements violate the antitrust laws. Examples of criticism of the Newspaper Preservation Act are Stephen R. Barnett, "Local Monopoly in the Newspaper Industry: Some Skepticism About Its Economic Inevitability and Government Embrace," in Proceedings of the Symposium on Media Concentration, Vol. 2, Bureau of Competition, Federal Trade Commission (Washington, D.C.: Government Printing Office, 1978), p. 509-13; and John P. Patkus, "The Newspaper Preservation Act: Why It Fails to Preserve Newspapers," Akron Law Review 17 (1983-84), 435-52.

[2]See, for example, James N. Rosse, "The Evolution of One Newspaper Cities," Proceedings of the Symposium on Media Concentration, Vol. 2, pp. 437-449.

[3]Contrary to some of the results presented here, a study by Walter E. Niebauer Jr. suggests that support is lacking for an argument that JOA's cause lower circulation for surrounding suburban papers. See Walter E. Niebauer Jr., "Effects of the Newspaper Preservation Act on the Suburban Press," Newspaper Research Journal 5 (Summer 1984), 41-49. However, Leo Bogart has discussed the possibilities of circulation manipulation in a study of single owners of morning and evening papers in the same city. See Leo Bogart, "The Future of the Metropolitan Daily," Journal of Communication 25 (Spring 1975), 32-45.

[4]We did not undertake an analysis of this point, for purposes of the paper. The literature generally affirms the power single publishing units have in setting advertising rates. See Benjamin M. Compaine, The Newspaper Industry in the 1980s (White Plains, N.Y.: Knowledge Industry Publications, Inc., 1980), p. 70. The Tulsa, Okla., case is described in Raymond Jean Tassin, "Daily Newspaper Semi-Mergers: A Study of Separately Owned, Editorially Competitive Newspapers Published in Jointly Operated Printing Plants Under Unified Business Management," unpublished M.A. thesis, University of Oklahoma, 1957. See also note 12.

[5]However, there is much in the literature about legal and and tangential economic aspects of the Newspaper Preservation Act (15 U.S.C., Sec. 1801-04) and joint operating agreements. For example, see John J. Flynn, Legislation, "Antitrust and the Newspapers: A comment on S. 1312," Vanderbilt Law Review 22 (1968), 103-25; Keith Roberts, "Antitrust Problems in the Newspaper Industry," Harvard Law Review 82 (December 1968), 319-66; Robert L. Wright, Commentary, "How to Succeed by Failing," Catholic University Law Review 19 (1969), 177-89; Steven W. Phillips, Comment, "The Joint Newspaper Operating Case: A facelifting for the Failing Company Doctrine," 11 (1969), 531-50;

Glenn Becker, "Failing Newspaper or Failing Journalism: The Public Versus the Publishers," University of San Francisco Law Review 4 (April 1970), 465-91; William C. Pate and Alan M. Winterhalter, "Monopoly Newspapers: Troubles in Paradise," San Diego Law Review 7 (1970), 268-88; G. Paul Shoop, Notes, "Antitrust--Newspapers," Texas Law Review 49 (1971), 550-54; Thomas E. Humphrey, "The Newspaper Preservation Act: An Ineffective Step in the Right Direction," Boston College Industrial and Commercial Law Review 12 (1970-71), 937-54; John H. Carlson, "Newspaper Preservation Act: A Critique," Indiana Law Journal 46 (Spring 1971), 392-412; Allen Gibboney, Comments, "The Newspaper Preservation Act," University of Pittsburgh Law Review 32 (1971), 347-61; Robert L. Knox, "Antitrust Exemptions for Newspapers: An Economic Analysis," Law and the Social Order 1971, 3-21; Recent Decision, "Antitrust--Newspaper Preservation Act," George Washaington Law Review 45 (1977), 572-96; Catherine B. Roach, "Media Conglomerates, Antitrust Law, and the Marketplace of Ideas," Memphis State University Law Review 9 (1978-79), 257-80; Anita M. Carlson, "The Newspaper Preservation Act: The Seattle Application," University of Illinois Law Review 1982 (Number 3), 669-99; John P. Patkus, "The Newspaper Preservation Act: Why It Fails to Preserve Newspapers," Akron Law Review 17 (1983-84), 435-52 (cited above); John S. Martel and Victor J. Haydel III, "Judicial Application of the Newspaper Preservation Act: Will Congressional Intent Be Relegated to the Back Pages," Brigham Young University Law Review 1984, 123-968.

See also "Failing Newspapers," The Economist 224 (Sept. 2, 1967), 790; "Newspaper Lobby," New Republic 163 (July 18, 1970), 11-12; Birthney Ardoin, "A Comparison of Newspapers Under Joint Printing Contracts," Journalism Quarterly 50 (Summer 1973), 340-47; Gail Lund Barwis, "The Newspaper Preservation Act: A Retrospective Analysis," Newspaper Research Journal 1 (Feb. 1980), 27-38; William B. Blankenburg, "Consolidation in Two-Newspaper Firms," Journalism Quarterly 62 (Autumn 1985), 474-81; Stephen Lacy, "The Effects of Intracity Competition on Daily Newspaper Content," Journalism Quarterly 64 (Summer-Autumn 1987), 281-90 (Lacy also notes his chapter, "Content of Joint Operation Newspapers," in a forthcoming Ablex Publishing book, Press Concentration and Monopoly, eds. Robert G. Picard, et al.; David C. Coulson, "Commentary: A First Amendment Perspective on Antitrust Law and Newspaper Chain Ownership, Monopoly," Newspaper Research Journal 7 (Summer 1986)), 35-42; Robert G. Picard, "Evidence of a 'Failing Newspaper' Under the Newspaper Preservation Act," Newspaper Research Journal 9 (Fall 1987), 73-82; John C. Busterna, "Commentary: Improving Editorial and Economic Competition with a Modified Newspaper Preservation Act," Newspaper Research Journal 8 (Summer 1987), 71-83; "Antitrust in the 1980s: An Analysis of 45 Newspaper Actions," Newspaper Research Journal 9 (Winter 1988), 25-36.

Of course, a number of scholars have examined newspaper competition and concentration from an economic viewpoint. Among those works are Raymond B. Nixon, "Concentration and Absenteeism in Daily Newspaper Ownership," Journalism Quarterly 22 (June 1945), 97-114; Royal H. Ray, "Competition in the Newspaper Industry," The Journal of Marketing 15 (April 1951), 444-56; Royal H. Ray, "Economic Forces as Factors in Daily Newspaper Concentration," Journalism Quarterly 29 (Winter 1952), 31-42; W.M. Corden, "The Maximisation of Profit by a Newspaper," The Review of Economic Studies 20 (1952-53), 181-90;

Raymond B. Nixon and Robert L. Jones, "The Content of Non-Competitive Vs. Competitive Newspapers," Journalism Quarterly 33 (Summer 1956), 299-314; Emanuel Celler, "The Concentration of Ownership and the Decline of Competition in News Media," The Antitrust Bulletin 8 (1963), 175-85; W.B. Reddaway, "The Economics of Newspapers," The Economic Journal 73 (1963), 201-18; Arnold B. Barach, "Newspaper Mergers," Mergers & Acquisitions 1 (Summer 1966), 18-27; James N. Rosse, "Daily Newspapers, Monopolistic Competition, and Economies of Scale," The American Economic Review 57 (May 1967), 522-33; John H. Landon, "The Relation of Market Concentration to Advertising Rates: The Newspaper Industry," The Antitrust Bulletin 16 (Spring 1971), 53-99; Roger Sherman, "An Antimonopoly Proposal for Newspaper Markets," Industrial Organization Review 4 (1976), 88-97; Lee Loevinger, "Media Concentration: Myth and Reality," The Antitrust Bulletin 24 (1979), 479-98; and Julian L. Simon, et. al, "The Price Effects of Monopolistic Ownership in Newspapers," The Antitrust Bulletin 31 (Spring 1986), 113-31. Views on related aspects were also voiced by scholars such as Rosse, James N. Dertouzos, John R. Malone, Ben H. Bagdikian, and Stephen R. Barnett (cited above) in Proceedings of the Symposium on Media Concentration (Bureau of Competition. Federal Trade Commission. Washington, D.C.: U.S. Government Printing Office, Dec. 14 and 15, 1978).

In addition, at least three dissertations and theses deal with joint operating agreements. One is Raymond Jean Tassin, "Daily Newspaper Semi-Merger: A Study of Separately Owned, Editorially Competitive Newspapers Published in Jointly Owned Business Plants Under Unified Business Management," Masters Thesis, University of Oklahoma, 1957 (cited above). Tassin's thesis does touch on the possibility of circulation manipulation. Another is Gary W. Ozanich, "An Economic Analysis of the Newspaper Preservation Act," Doctoral Dissertation, University of Wisconsin--Madison, 1982. A third is Bonnie Lynn Henderson, "Impact of the Seattle Joint Operating Arrangement on the Local Suburban Press," Masters Thesis, University of Oregon, 1985. Henderson's thesis provides some examination of some Seattle suburban paper circulation changes during the first year after the Times and P-I entered the JOA. However, the examination is limited in that it deals only with that first year the JOA was in effect--a year in which much adjustment took place at the JOA papers. (For instance, in accordance with the terms of the JOA, the Times ceased publication of its morning paper, which made the first-year circulation figures quite erratic.)

Of course, many of the arguments concerning JOA's were voiced in the hearings prior to the enactment of the Newspaper Preservation Act. See for example U.S. Cong., Senate. Hearings Before the Subcommittee on Antitrust and Monopoly on the Judiciary, 90th Cong., 1st sess. (Washington, D.C.: GPO, 1967); U.S. Cong., Senate. Hearings on S.1312 Before Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary, 90th Cong., 2nd sess. (1968); U.S. Cong., House. Hearings on H.R. 279 and Related Bills Before the Antitrust Subcommittee of the House Committee on the Judiciary, 91st Cong., 1st sess. (1969).

Finally, court documents and opinions are useful in providing general background and understanding of the Newspaper Preservation Act and joint operating agreements. See, for example, U.S. v. Citizen Publishing Co 280 F. Supp. 978 (1968); Citizen Publishing Co. v. U.S.

394 U.S. 131 (1969); Bay Guardian Company v. Chronicle Publishing Co. 344 F. Supp. 1155 (1972); City & Cty. of Honolulu v. Hawaii Newspaper Agency 559 F. Supp. 1021 (1983); Committee for an Independent P-I v. Smith 8 Med. L. Rptr. 2162 (1982); Committee for an Independent P-I v. Hearst Corporation 9 Med. L. Rptr 1489 (1983).

[6]All circulation data are Audit Bureau of Circulations Audit Reports supplied by the newspaper publishers. A random sample was not used in this research since circulation data for all cities in the Times and P-I circulation area in the four-county area were examined in an effort to determine the circulation patterns described. All cities for which ABC listed circulation for both the P-I and Times in 1983 and 1987 were examined. Populations cited are July 1987 estimates provided by the Puget Sound Council of Governments and are based on 1980 census figures.

[7]News employees of the Post-Intelligencer raised this issue in the period before approval of the Seattle joint operating agreement, reflecting awareness of the split-up of the joint operating agreement in Anchorage, Alaska. The JOA was formed in 1974, then terminated as a result of a lawsuit in 1978. The News, seemingly "left for dead," was revived by the intervention of C.K. McClatchy. Stephen R. Barnett, "The Anchorage Failure," Columbia Journalism Review, May-June, 1980, p. 42.

[8]However, figures cited ir a May 22 Seattle Times article (Janice Hayes, "One press, two voices: In public's eyes, JOA blures the lines between Times and P-I," May, 22, 1988, D1, D4-D5) indicate the Times circulation, as of March 31, 1988, has increased to 235,705 and the P-I has decreased to 202,374. The reversal returns the Times to 54 percent of the total circulation. Seattle JOA management indicates that the New-Tribune's switch to a morning paper in April 1987 has been a factor in slowing the growth of the P-I (see note 13).

[9]J. Kingston Pierce, "The Born-Again P-I,"The Weekly, June 11-17, 1986, p. 28 ff.

[10]A May, 1988 Seattle Times article (Janice Hayes, "One press, two voices: In public's eyes, JOA blures the lines between Times and P-I," May, 22, 1988, D1, D4-D5) on the fifth anniversary of the Seattle JOA quotes analyst John Morton as saying that the Seattle papers, like others in JOAs, compete editorially but don't compete for dollars or circulation. Times Reporter Eric Nalder told Hayes he no longer trusts the circulation departments, which are "now all rolled into one." Nalder said: "They aren't competing with each other anymore. Are they keeping the circulation gaps between the two papers under control? I don't know the answer, but sometimes I wonder."

[11]Scholars have asserted that as distance from the more dense metro area increases, the ability of daily newspapers to compete is diminshed. For example, see Stephen Lacy, "Competing in the Suburbs: A Research Review of Intercity Newspaper Competition," Newspaper Research Journal 9 (Winter 1988), 69-76; Bruce M. Owen, Economics and Freedom of Expression: Media Structure and the First Amendment

(Cambridge, MA: Ballinger Publishing Company, 1975), pp. 45-52; Niebauer, p. 48.

[12]Indeed, articles in both papers commenting on the fith year anniversary of the P-I and Times JOA cited unhappiness of advertisers and suburban publishers over the power given the JOA papers. In a P-I article Bob Weil, publisher of the Journal-American, is quoted as saying that the Seattle papers are "abusing their government-granted clout to crowd out smaller competitors, mainly by vacuuming up more of the regional advertising dollars that used to be spent with community newspapers." (Jim Erickson, "Seattle papers healthy after 5 years of JOA," Seattle Post-Intelligencer, May 20, 1988, B5.) The Times article cited in Note 10 said that the JOA has given advertisers more readers, but under monopoly pricing, the advertising rates increase more rapidly than advertisers want. John Buller, vice president of sales and marketing for the Bon Marche department store, said that because there is less newspaper competition, advertisers are put at a disadvantage. Under the JOA, Buller said, higher rates for advertising in one paper (as opposed to the discounted rates for advertising in both JOA papers) is forcing him to run smaller ads and to rely more heavily on direct mail advertising. (Hayes, "One press, two voices," D4.)

[13]John A. McCall, manager of circulation for the Seattle Times and the Seattle Post-Intelligencer, interview in Seattle, WA, on June 7, 1988.